

1840  
R E A S O N S,

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P U B L I C C O N S I D E R A T I O N,

A G A I N S T

T H E P R E S E N T S C H E M E

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Reducing the I N T E R E S T of M O N E Y

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I R E L A N D.

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D U B L I N:

Printed for THOMAS EWING, in DAME-STREET.

M,DCC,LXV.

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R E A S O N S

HUMBLY OFFERED

TO

PUBLIC CONSIDERATION



THE P R O P O S E D

OF

REDUCING THE INTEREST ON MONEY

I R E L A N D .

Printed for Thomas Bland, Strand  
1844

TO THE  
RIGHT HONOURABLE  
LORD BEAUCHAMP,  
ONE OF  
HIS MAJESTY'S  
MOST HONOURABLE  
PRIVY COUNCIL,  
FIRST SECRETARY  
TO HIS EXCELLENCY  
FRANCIS Earl of HERTFORD,  
LORD LIEUTENANT GENERAL  
AND  
[GENERAL GOVERNOR OF IRELAND.

My LORD,

A SUBJECT, which has for its sole  
object the public Good, cannot be  
more auspiciously introduced to public  
view

## ii DEDICATION.

view than under the protection of your Lordship, whose Zeal for the happiness of this Country has been already distinguished by sincerity and candour, and supported by Talents, which, while exerted with modesty, are invigorated by that fortitude, which is ever the close associate of Honour.

As your Interest, my Lord, is so strictly connected with the common Interest of the People here : as our happiness seems to be your immediate concern : and as your attention to our Good moves wholly on these principles of Virtue, which receive an amiable lustre from your Humanity ; what may we not promise to ourselves from Abilities, so early, but so effectually exerted in the service of your Country ; from a mind to which Nature has been so liberal, and from an Education formed under the precept and example of a Father, whose character has been so peculiarly marked by a steady and invariable adherence to every Virtue, useful and ornamental, which dignify Man !

You,



DEDICATION. iii

You, my Lord, have an hereditary claim to those Virtues which fit you for the great World——You are already universally admired——You will quickly be as universally beloved.

Permit me, my Lord, to lay before you the following thoughts upon a matter of national Concern. I would wish to imitate your Lordship, however faintly, in the Plan which you have fixed for the great Object of your Conduct——that of doing good.

Upon this principle alone have I attempted to elucidate a subject, which the Public, however materially interested, may probably not have so fully considered.

I am not actuated by the vanity of an Author, but wish rather to be considered in the character, which can alone engage your Lordship's favourable opinion, that of being,

(MY LORD,)

A FRIEND to my COUNTRY.

## DEDICATION.

You, my Lord, have an hereditary claim to those Virtues which fit you for the great World.—You are already universally admired.—You will quickly be as universally beloved.

I commit me, my Lord, to lay before you the following thoughts upon a matter of national Concern. I would wish to interest your Lordship, however faintly, in the Plan which you have fixed for the great Object of your Conduct—that of doing Good.

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(My Lord)

A Friend to my Country.

# REASONS,

HUMBLY OFFERED TO

PUBLIC CONSIDERATION,

Against the present Scheme of reducing the  
INTEREST of Money in IRELAND.

**M**ONEY being a material coined for the purposes of Commerce, the true estimate of its value must necessarily be under the influence of that Commerce, and this Estimate will consequently vary according to the circumstances of that Country where it is in use. Were Money to be brought back to its original state of mere metal, it would in no sort answer those purposes to which it is now destined, for the purest Gold or Silver could not contribute to the real convenience, much less to the comfort and happiness of Mankind, so much as Wood, Bricks, Stones, Glass, Coals or

B

any



any such materials ; a Cow or a Sheep is of more real use to Man than a Mine of Gold or Silver in its natural state ; but these Metals, when coined into Money, acquire an active quality, singularly serviceable to Society. They become the Servants of Commerce and supersede the difficulties to which Barter had subjected Mankind.

Money may be therefore considered rather as a pledge or deposit, to which Men have affixed a settled determinate value, and at which value it is received without difficulty, than an Essence constituting specifically any comforts to man, though producing them from its influence and effects ; the possession of it engages respect, because it gives to the Possessor the power of doing good, and that from it are derived the means of commanding those comforts, and those conveniences, which those, to whom they are more sparingly dispensed, are so apt to admire and to desire.

If Money be then allowed to be one of the constituent principles of the ease, the comfort, and the convenience of Life ; if it opens the avenues to Honours, to Respect, to the supply of our wants, or the gratification of our appetites, it will be esteemed in proportion to the desires and the uses we may have for it.

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The natural deduction then is, that the value of Money is fluctuating and indeterminate, depending, in a great measure, upon the climate and constitution of the Country, so that Policy has recommended a certain restraint on the person possessed of this useful commodity, in order to protect the Borrower from being, from his wants, a prey to the avidity of the Lender; and every well govern'd State has therefore settled a certain *ratio*, and fixed limits to the Premium for the use of money, which, being a matter of the utmost consequence to Society, is to be treated with the greatest circumspection and delicacy.

In fixing then the rate which the Industrious are to pay to the Rich for the use of money, many things are to be the object of attention. The Products and the Manufactures of the Country are to have precedence; the political constitution is to be regarded, and the temper and manners of the People are to be considered; for Money may be very valuable in one Country, whilst that value may, in another, fall one half. Were a man in *Peru* and *Mexico* to lend money and to demand the twentieth part annually for the use of it, or were a man to offer it, on these conditions, to the *Indians* in *America*, how would he be looked upon? while

in Countries where Trade and Commerce are in their vigour, he has an equitable right to it, as he communicates a power to another of employing his time and his genius to his own emolument, and it then becomes a mutual benefit and advantage, which is the strong cement of Society.

The Value of Money in respect to the political Constitution of a Country is influenced by the nature of that Constitution. Under despotic Governments, Interest of money will naturally rise, because, Property being insecure, the Affluent chuse to conceal their wealth, and endeavour to place it in those soils of Liberty, where it is not subject to the power of a Prince, whose Will alone is Law, and whose Ideas of Right are formed by those of Convenience.

The Interest of Money is likewise to be comparatively considered, and being in some measure connected with the intrinsic value of Coin, the use of it will demand a kind of analogy to the rate it bears in Countries with which we trade, though it will be far from establishing it as a rule that the rate of Interest should be equal.

As Money therefore gives the active quality to Trade and Commerce, it seems to be very desirable that the obtaining of it should  
be

be as easy and as moderate to Individuals, as prudence may admit, and hence it becomes necessary, where Interest of money is too high, to reduce it within such bounds as may change it from a grievance to a convenience.

The Standard for the interest of money will naturally resolve itself into what it ought to be, for causes do generally produce similar effects, and that country, where from its improvement, Products do encrease and Manufactures advance daily nearer to perfection, will almost insensibly adopt such a rate for the use of money, as is best suited to the circumstances of such Country, still it will be necessary to distinguish nicely when it is brought to its true equilibrium, so as to preserve it from variation, And here we must duly attend to the complexion and influence of Trade.

Trade is two-fold, *Import* and *Export*. Whenever the Exports exceed in their value that of the Imports, the state of that country will be heathful and vigorous. If, on the other hand, the Import should be superior to the Export, a Balance becomes due, on a general account, from such country, which must be paid ; and if the materials of money are not given by nature to that country, it will gradually pine, sicken and decay.

Every



Every reasonable man will therefore agree that when it is advanced that certain means will lead to the advantage of Trade, it becomes a distinct question whether it be meant the *Export* or the *Import* Trade, since the influence and effect of each are so very different.

It will be proper therefore to take into consideration the Trade of Ireland, in order to judge of the fitness or impropriety of making an alteration in the rate of Interest.

First then, as to our *Export Trade*. This consists principally in Linen, Yarn, Tanned Leather, Beef, Tallow, Butter, Wool, Raw Hides, &c.

The *Imports* are, Spirits, Wines, Teas, China, Tobacco, Iron, Timber, Hemp, Flax, Silk, Drapery, Dying-Stuffs, Druggs, Hard-ware, Sugar, Groceries, &c.

From this catalogue the prudent Man will find little difficulty in arranging the Import articles under these two heads: *Use* or *Luxury*: when it is to be feared that the latter class will comprehend the greater number.

Every case that can be given to our Ex-  
ports



ports being a national advantage, the Manufacturer, that useful member of the community, calls for our aid and protection. From his labour do the Rich enjoy those comforts and that ease which beget a reciprocal obligation and dependance, that link the one and the other in a chain which ought to be indissoluble.

This Labour then of the lower Class of men must ever be the great concern of the higher, and which true policy will instruct them to encourage; and as the conveniences of life are the natural fruits of industry, great caution is to be had in securing them to the Laborious on the easiest terms; if therefore it should appear that the lowering of the interest of money may give a sensible wound to the Manufacturer, it is certainly to be avoided.

The Husbandman who tills his Ground may not probably look so far as to calculate how the raising or lowering of Interest may affect him. The Spinner knows nothing about it: The Weaver as little. And yet, were Interest to be lowered from six to five *per Cent.* they would find their condition like to that of the sick Man, who feels his health declining, but cannot describe particularly his disease; he finds his expences of living augmented, and is told that the rent of lands  
about

about him is risen, he feels it by the dear-  
ness of provisions, and quickly perceives  
that in order to maintain his family he must  
raise the price of his labour.

That this will be the effect of lowering  
the present rate of interest, it will not be  
difficult to prove.

Suppose a Man purchases 100 Acres of  
Land at 20 Shillings an Acre, for which he  
pays, at 20 Years purchase £. 2000.

The Seller parts with this land to encrease  
his annual Income by setting it out to Inter-  
est, whilst the Buyer gives his money to fix  
it in a more certain and permanent state.  
The Seller finds that at the present rate of  
Interest, being 6 *per Cent.* the £. 2000 will  
bring him in annually £. 120, but if lowered  
to 5 *per Cent.* he will receive but £. 100; so  
the income, which he had hoped to have had  
by the sale of his land, is lessened one-sixth,  
and Provisions at the same time dearer.  
What is he to do in these circumstances?  
To preserve his income at £. 120 a year he  
must raise the purchase to £. 2400. The  
Buyer, who gets not a single Acre of land  
more, and yet pays £. 400 extraordinary,  
will naturally demand an higher rent from  
the Tenant. The Tenant, who is to make  
this

this rent, and to support his Family, from the produce of the land, rates that produce proportionably higher. And on whom does this fall in the end ? On the Manufacturer, and the Labourer, in the first instance, who, finding the expence of living encreased, will of necessity add it to the Manufacture, and thus the Export Trade ultimately bears the burthen. This connection of effects from causes cannot well be disputed, it is natural and it is therefore sure.

This is one of the evils which would follow the reduction of Interest ; but there are others of a politic nature. If Interest should be lowered, it is a doubt, whether so much money would flow into the channel of Trade as at present. And here *Ireland* stands distinguished from almost all other nations, having no supply of money but what it receives from other Countries. Had this kingdom the advantage of a coinage, which is the case of every other State in Europe, the interest of money might probably bear being reduced to the rate in *England*, *Holland*, and other Countries, but the influx of money depending in some measure on a degree of favour to the Lender, it may be good policy



licy to engage and encourage that influx, so as, at least, to keep what we have amongst us, by rendering it the interest of monied men not to send it abroad.

We have here an artificial, but very necessary, substitute to the want of a coinage, which is *Paper-money*. Bankers are of material consequence in a Country circumstanced as ours is, where we have not specie for the furnishing of the Industrious with those necessary aids which Trade requires. While the Banker conducts himself with due care, caution, and discretion, he may raise an unenvied fortune to his Family, and he will deserve it. His notes will have the same influence and effect with money, they will enliven and invigorate the faculties of the Merchant, animate Industry, and expand the influence of Commerce. Would it be prudent then to pass into a law restrictions which should affect the moderate advantages which must result wholly from the industry, the care, and the integrity of such very useful members of Society? Suppose they were to discontinue their business: How are they to be replaced? It will probably be answered, By a *National Bank*. An Expedient of a very grave nature



nature indeed ! and which, however useful in *England*, *Holland*, and other places, is not perhaps quite so well suited to our meridian. Such a Scheme can therefore be never too maturely considered, lest the remedy should prove to be worse than the disease.

If there were no Banks, every man would then expect to circulate his Paper ; the inexpediency of such a measure is so evident as hardly to require any reasoning upon.

Bankers are subject by Law to restrictions, to which it would be imprudent to subject all men indiscriminately. They cannot make any Settlement of their Estates which is not to give place to their Creditors. Their Estates stand guarantee to the Public against the casualties of Fire, Robbery, Fraud, &c. Their notes, are to be paid in Specie whenever demanded, and they are therefore obliged to hold themselves prepared at all times for the demands of the Public, so that from their security, prudence, and care, their notes receive all the virtues of Coin, and become equally useful. The circulation of the current money of this kingdom is aided,

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augmented,

augmented, and improved by the Banker's note, which becomes a real implement of Industry. But say the Advocates for the reduction, Is not 5 *per Cent.* enough for Bankers who can raise money by filling up a note? a kind of creation of money!

To give an answer to this; it may be affirmed with truth that no man who lends money deserves to be considered so much as the Banker. The Facility of being supplied is a striking convenience; the ease which the Banker affords to the Borrower is another. To illustrate this by example. Let us, suppose a purchasing man wants to borrow £. 1000, and that there are no Bankers. What is he to do? He must resort, in the first instance, to these persons who make it their business to find out the money-lenders. Here a premium is to be given—the titles of the Borrower are to be laid before a Lawyer—the Lawyer must be feed—a mortgage deed is to be engrossed, and a bond to be executed—more money to be paid! a judgment is to be entered—a further expence! Suppose then that the Borrower wants this money but for one year only! At what rate does he raise this supply? Will

6 *per Cent. per Annum* indemnify him? Suppose further that the Borrower finds he can, in three months afterward, pay in £. 500 of this money, will the Lender take it? Now with respect to the Banker, he supplies this £. 1000, without expence to the Borrower, if the tenth part be paid in a month, he abates the interest for so much, and so on, until the whole is discharged.

Should a Merchant want to discount Bills or Notes; does he pay interest for any longer time than he wants it? No. He continues not subject to interest for money one single day further than it is useful to him. He pays 6 *per Cent.* for money, it is not disputed, but if, instead of being obliged to hold it a year, he can free himself whenever money becomes of no further advantage to him, he then pays perhaps, not 4 *per Cent. per Annum* for his convenience. Can it then be expected where the premium for these singular advantages is already limited within bounds of great moderation, that hard conditions are to be imposed upon a business so useful, and indeed so absolutely necessary, to the Trade and Interest of a kingdom which has not the power of coining five shillings

shillings worth of copper halfpence for its interior commerce.

Now, let it be granted that the Banker deserves this premium. Will it not however be of great use that the monied man, who is from his affluence an inactive member of Society, shall be obliged, if he lends his money to the active industrious man, to be satisfied with a less interest than he is at present entitled by law to demand? Will not this invigorate the sinews of Trade, by enabling the Merchant to borrow money at 5 *per Cent.* and will it not be consequently a national advantage to reduce the rate of interest, which if done the Banker will naturally conform to?

This argument has a specious appearance, but whether it can be made out, or whether it is pregnant of those flattering advantages, is to be well weighed and considered.

Enough has been said of the Banker; whether upon such a reduction he may think it worth while to continue his business, he knows best; but should he not, (however he may be considered by some people) his withdrawing from the service  
of



of the Public will certainly, in our commercial constitution, throw trade into such confusion as it may not easily be freed from. The Counter of the Banker is the constant market for the Merchant for the sale of his Bills, he tries to sell them as well as he can, but if there should not be a demand for remittances: has he not a resource in the Banker? If that should be stopped, what is to become of the course of exchange? Witness the year 1745! when a run was on the Banks, and the Banker's note stopped in its circulation, Bills on London were then passed at 5 *per Cent.* and came over at 11 or 12! What a wound this to our exports! How must the Linen trade have been affected! What an advantage this to the Absentees, but how fatal to the interest of the Country!

Some people, who affect to decry Banks or Bankers (and some such there are tho' they have never offered any reasonable scheme for filling up a Chasm so very dangerous to Trade) have not scrupled to charge Bankers with a kind of defection in times of danger, insinuating that while their Credit was held up by public associations, they themselves deserted the  
Mer-

Merchant. We may venture to say, with great impartiality, that this is rather a capricious charge. They aided public Credit as much as they could, they continued to give Specie for their notes as fast as they could be paid, nay some, and for aught I know all of them, employed two Tellers instead of one, in order to dispatch and quiet the Public. They received the notes of each other indiscriminately in payment for their demands on the Public, and they indulged those who, in this general stagnation of Credit, were in any sort distressed. They brought over from *England* large quantities of Specie, when they could have had returns in bills at a difference of 3 *per Cent.* in their favour ; they could have bought bills here at 3 *per Cent.* under *Par*, and have had them returned at 6 *per Cent.* profit ; but resisting this alluring temptation, they declined multiplying their notes, the better to keep punctual faith to the Public. What more could they have done ?

Now as to the *monied Men lending to the Trader* ; is this not rather begging the question ? Is it to be expected that discouragements

ragements will produce the effects of  
 encouragement? Are Gentlemen of pro-  
 perty and affluence, who are quite unac-  
 quainted with Trade, or trading People,  
 to lend their Money to Merchants, who,  
 though a very useful and honourable part  
 of Society, must be supposed to employ  
 their Money in a more hazardous manner  
 than other people. Will Gentlemen, quite  
 unacquainted with their circumstances,  
 lend their Money to them upon their  
 notes? Will they not at least expect their  
 Bonds? and is it consistent with the faith  
 and honour of the Merchant to enter into  
 a security, to which the Law gives a  
 partial precedence of other engagements  
 equally equitable in themselves, though  
 not in the letter of the Law so ripe for  
 enforcement? Is the reducing of the rate of  
 Interest then proposed here as an Antidote?  
 Will the monied Man lend to the Trader,  
 because, instead of six *per Cent.* he is to re-  
 ceive but five *per Cent.* for his Money?  
 Will this encourage him to lend to  
 the landed Man? If he deals with him,  
 he lends on a Mortgage! Suppose then he  
 wants his Money? Is he sure of being paid  
 with that punctuality he looks for, or is he  
 ever exposed to the trouble and expence  
 of perhaps a tedious costly process, to

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recover



recover the debt? will the reducing of the present advantage he may propose to himself by lending out his Money, animate him the more to do it, in the face of those difficulties? the enacting that he shall have no more than five *per Cent.* does not oblige him to lend it. He will then naturally resort to public Funds, where the Security is exempt from any casualty, and although he may receive but four *per Cent.* for his money, he will be more inclined to place it in those Funds, than to dispose of it, upon any land security whatever, at five *per Cent.* and hence it follows that neither the landed man, who wants to borrow money, nor the Merchant, can receive those advantages proposed by the present scheme of reducing Interest.

It will be urged that the Government here have borrowed money, first at five *per Cent.* and since at four *per Cent.* and that this naturally points out the expediency, and propriety of reducing the present rate of Interest. Were this to have weight, why is not the legal Interest of *England* and *Holland* reduced?

Every Man, conversant in business,  
knows

knows well that in *England* and *Holland*, as well as here, there are two different rates of Interest, one the legal or private Interest between Man and Man, the other the national or public interest, where either the Government or corporate Bodies are the Debtor. That the latter should raise Money upon different terms from those to which individuals are subject, is so reasonable as not to admit of dispute. The Security, in the first instance, is very different, the punctuality of payment of Interest is considered, and the having at all times such a dominion over property, as enables Men to render it useful every hour, is such an invitation, and indeed such a convenience as will supersede the consideration of placing it in private hands, when the difference is but one *per Cent.* Add to this, should the reduction of Interest to five *per Cent.* operate so upon our four *per Cent.* Funds, as to reduce them to three *per Cent.* whether it becomes not then the object of attention, how far it may influence people to send their Money out of the Country. It may at least have this effect, that when Interest becomes so very low, those who have Money will employ it in the purchase of Land, almost at any rate, the ill effect of which will

quickly be felt, to the great distress of the manufacturer, and to the prejudice of our export Trade.

If the price of Land and not the value rises, the consequence will be fatal. Lands become valuable from their Soil, their being improved, their contiguity to harbours, to Market towns, to Manufactories and the like. The rents then rise naturally, but a Purchaser who gives an extraordinary price for Land, without these advantages, will never be able to make the rents keep time with his views, and he will therefore, if he has too low an Interest for his Money, buy those Lands which have them, at an excessive rate rather than employ his money at a low Interest. What is to follow?

The rents are raised though the Land be not bettered, the produce then rises in proportion; and the poor Man, who has a Family to support, must pay an advanced price for provisions. He must of course raise the price of his labour, this will (as has been already shewn) affect our Products and Manufactures, which it is our true Interest, and which common Policy instructs



fructs to send to market upon the cheapest terms possible.

The effect then from Lands rising from the advanced rate of the purchase would be pernicious, whilst the rise from the improvement of their quality would be otherwise.

Suppose an Acre of Land, for which the Husbandman pays twenty Shillings rent, produces eight barrels of Wheat, which, sold for fifteen Shillings a barrel, allow him twenty Shillings for his rent, and five Pounds for his labour, &c. if this Land, by improvement, produces ten barrels instead of eight, the holder can as well afford to pay twenty five Shillings an Acre as he could before pay twenty: But if this Land, by the reduction of Interest from six to five *per Cent.* rises to twenty three Shillings and four Pence the Acre, the Husbandman suffers, or at best is obliged to sell his eight barrels of Wheat at five pence the barrel higher, to indemnify himself of the advanced rent.

This effect will be similar in every other produce of Land, and the consequences equally affecting to the Manufacturer

turer and Labourer, who are to be supported from it.

The reduction of Interest can not therefore be salutary to the constitution of our *Export Trade*, if it aggravates the expence of the husbandman, and manufacturer in the maintenance and support of his Family.

As to the *Import Trade*; if Provisions should rise, which must ever be the case where the Interest of money is low, the Artificer, whose Labour is certainly connected with many parts of that Trade, must consequently rate that labour higher, and the conveniences of life will of course become dearer to Individuals.

It has indeed been said that the price of Provisions being low, the Labourer or the Artificer finding that by working three days in the week he can support himself and his Family, will naturally relax his attention and industry, and in a word: that he will continue idle the other three days. Were this an argument of weight, it must naturally produce this inference.—That it would be good Policy to keep up the rate of Food for the support of the  
common

common people, so as to force them to labour.

Whether this be a way of treating human nature, is a question hardly to be asked.——

There is a punishment in *Holland* something similar to this, which is the putting of idle Vagabonds into a close place where there is an influx of Water, which they are under the necessity of pumping out continually, to save their lives.

Man in the mere state of nature might indeed content himself with a mere support, but Man informed, who has a part to act in, and wishes for the comforts of Society, will never limit his desires within such narrow bounds. Naturally inclined to better his condition, to raise himself in the opinion of others, to advance his children, to provide against sickness, or to rest, sooner or later, from his labours, he will prosecute his industry, and it is wholly reasonable that the supply of the common necessities of Life shall be within such moderation, as may prevent the fruits of his honest industry being totally absorbed, notwithstanding that there may be in  
Society,



Society, such unworthy members who, like the brute creation, confine all their views barely to the gratification of their common passions; however it is to be hoped that the scare not very numerous, but if they are, it must be owing to a fault in the Police, and may be remedied by other means than those which can not fail to affect the industrious, and be, on the whole, very injurious to Society.

The Argument which is in any sort striking in favour of the reduction of Interest is, that the Merchant who buys Goods for exportation, or who imports Goods which he sells upon credit, will be enabled to raise Money more reasonably than at present; but this is rather an assertion, without evidence of certainty.

Many of the Exports are paid for immediately, such as Butter, Hides, Tanned-Leather, and Beef when made up by the exporting Merchant, which is certainly his advantage to do. The Merchant, who exports those Goods, if he does it on his own account, will say, that Interest being at five *per Cent.* instead of six, he is able to carry them to Market one *per Cent.* cheaper,

cheaper, but in this he will find himself deceived, for if Lands rise as Interest falls, and the Price of Labour rises with the Price of Land, he can not dispute that the Products and Manufactures will augment in their value, so that he may probably find that the advanced Price of the Exports will more than absorb this difference in the rate of Interest, if, on the other hand, he exports them on commission, he draws for his money immediately; if remittances are made to him, it is generally by bills on *London*, which are immediate Cash to him; if by bills on this place, which he is obliged to discount, it is his Employer, not he himself, who pays the discount. So that here the difference of the Interest of money makes no alteration.

As to Linen Cloth: it is admitted that a great deal is sold upon Credit, but it is to be observed that the Consignee or Factor here is generally a man of substance and fortune, who reserves a part of that fortune wholly to answer the Bills of the Manufacturer or Consignor, and for which he charges Interest. Would it be prudent to curtail and reduce this useful Merchant's profit, who has not, exclusive of his commission, any consideration for advancing his money but barely an Interest of six *per Cent. per Annum*, and that merely temporary,

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porary, for should his money lye unemployed three months in the year, he makes but four and an half *per Cent. per Annum*, of it, and if Interest were to be reduced to 5 *per Cent.* he would have in this manner, but  $3\frac{3}{4}$  only. How then should he remedy this but by raising the charge of Commission, for the limiting of which there is no Law in being. Thus it would seem that the reducing of the rate of Interest can not be productive of any advantage to the great Exportation of *Linen*, and that it will injure it is rather self evident.

As to other Exports, if the Merchant could raise money easily at five *per Cent.* is it to be supposed that the Seller is not sensible of that facility, and may it not be presumed that, if this facility of getting money be general, he will keep up the price of his goods ; for where the ease extends to the Seller as well as the Buyer, the latter will not sell, until he finds his advantage much in doing it.

In respect to *Imports*. They are to be favoured with caution, for though it be granted that they are, in some measure, necessary, yet surely they are not all so, for many of them are rather a drawback on the Country.

But



But even in this instance the Merchant can not be said to be affected, for it may be equally asserted that he is so by the augmenting of the duties, as by a change of the interest of money. Now though the duties on Imports, or the Interest of money should vary, how does the Importer essentially feel it? is it not the Consumer who pays all? the Importer is too much master of his business not to know what his Goods stand him in, and he will readily calculate how far the reduction of Interest would favour him, he will find that this one *per Cent.* will not make a difference to him on a gallon of Spirits of five-eighths of a penny, or on a pound of Tea five farthings, and so in respect to other articles, and this too is on this supposition alone that the Importer reserves this advantage to himself, for if he generously gives it to the Buyer, he feels not any influence, from the change, to his Emolument, and it will, either way, be found, that, however individuals may receive some little benefit, the Public will not receive any, from this alteration.

There is another consideration in regard to our Imports, which, for so much, may affect the national Interest. It may not indeed be very consequential, but still the observation may be admitted.

Suppose a Merchant here is barely the Confignee of Goods liable to high duty, If he advances the duty, he either charges his Employer with the legal Interest, or he is indemnified, on an average, by his commission. Will not then the Interest standing as it now is, be, for so much, of national service, by receiving six *per Cent.* from Foreigners on money advanced for them here, or if the foreign Proprietor chuses not to subject himself to Interest, will he not remit the amount of the duties, and will not that money circulate for some little time amongst us? he may adopt this measure, as money is one *per Cent.* lower with him than with us, which shews that this difference in the rate of Interest may, at least, produce some little influx of ready money here, and, this admitted, the natural deduction is that it will prevent our current cash from going out.

It is urged that, in *England* and in *Holland*, where Trade is so much superior in its value and extensiveness to ours, Interest of money is lower. This is not disputed, but, as it has already been observed, the Climate and the Constitution of Countries are to be taken into the account. In *England* the Land is taxed: the man therefore whose Property is in Land contributes,  
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in the first instance, a considerable portion of that property to the State. The man, who has an equal property in money, contributes nothing. Does not common policy, common equity direct then that Interest of money, which is the revenue of the latter, should be lower than in a Country where the property of the former is not taxed? There is another consideration too of very great moment. Where a State owes above an hundred million, and that the annual interest of the debt is to be provided for by a tax on the People, it is a good, indeed a necessary Policy, to keep the rate of Interest as moderate as possible, because it is an ease to the people, but the same policy will oppose its being reduced too low, lest it may stop the influx from Foreigners, who, invited by the sacred faith, and that security and protection of Property, which is the solid support, as well as the great ornament of the Constitution of *England*, are more disposed to make that the depositary of their affluence, than any other Country in Europe.

The arguments which are used in favour of the reduction of Interest seem to be taken from *Child's* Treatise on Trade, who certainly wrote sensibly, and appears to have been much master of the subject, but those who take their tone from him will be pleased



ed to consider that he wrote for a different meridian than that of *Ireland*.

Money is in great plenty in *England*. The materials are imported there, and there coined into money. The fruits of Conquest are gathered for *England*. Premiums and Bounties do there aid the Exports. The Proprietors of Lands do all live there. The riches of the Colonies center there. Monopolies are there constituted by Charter, which open the Avenues to all people for employment of their money, forming a Stock transferable, and fluctuating according to the state of the Country and its trade. Every scheme that can be devised for enriching that Island by encouraging and cherishing its manufactures is there invigorated by Law. The Farmer feels the influence upon the Bounty on Corn, the Manufacturer and Artificer can send their Goods to any Market they like, the Weaver of Woollen Goods is not restrained, the Silk Weaver is animated to industry by the discouragement of foreign Silks, from the heavy duties imposed on them; the refiner of Sugar has the aid of bounties.—The Manufacturer of Glass can send out his Bottles and Glass, and is sure they cannot be returned upon him. *French Wine* pays a duty which prevents its being in use with the middle Class of People,

People, and saves the nation large sums of money. Foreign Spirits are likewise subject to an high duty, which renders the use of Malt Liquor more general amongst the lower class of People, and Malt Liquor is there brought to some perfection, and is grateful to the People.

Let any impartial man take a view then of the two kingdoms, and compare their condition in respect of money. Will he say that if in the one, where money is in such plenty, the legal Interest is at five *per Cent.* it should, in the other where there is not that plenty, be had at the same rate.——

As Trade stands circumstanced in *England*, Lands will very well bear the rise which will be ever the consequence of low Interest, for a Fleece of Wool before it is turned into money at a foreign Market, how is it enhanced in price by that enriching virtue which so much raises its value,—the labour and skill of individuals,—a creative wealth which diffuses its influence to the whole Country, and reaches from the splendor of Nobility down to the low state of the Peasant. If the rate of Provisions in *England* renders labour more expensive there than in *Ireland*, the Trade of *England* can bear it. Is it so in *Ireland*,  
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have we not annually emigrations of our industrious People to *America*, nay do not our common Labourers, go regularly to *England* to make up the Harvest for the Farmers there? does this shew, or does it not, that Provisions are rather already too dear here, and shall we reduce the rate of Interest, and render them still dearer to those People, whom we ought rather to nurse and cherish amongst us. The condition of *England* enables the farmer, and the Manufacturer to pay high wages for the labour of the Poor, from the reasons already given, but can we who are restrained in our Manufactures, pretend to do as they do? If the rents of great Tracts of Land do annually go out of this Country, and are spent in *England*, which will unavoidably be the case, and which it will be more prudent to acquiesce in than repine at; how are we to counterbalance this, but by a frugality in our Oeconomy, by an improvement of those Manufactures which are become our natural Exports, and by endeavouring to send them to Market upon the most moderate terms we can, by which means we may preserve them in an unrivaled security to our Country.—So that *Child's* Essay on Trade, however accurate and ingenious, can not be understood to be in any wise adapted to this Country, which was in no sort his object when he wrote it.

Another



Another consideration too is to be attended to. If Interest of money be low in *England*, and which raises the price of Land, the Land holder is compensated by Bounties. For instance ! he receives from Government five Shillings on every quarter of Wheat he exports, Bounties are likewise given for *British* Sail-Cloth—for Spirits distilled from Corn.--On Silk Manufactures,—on Gun-Powder.—To Ships employed in the Whale-Fishery and Herring-Fishery,—on *British* and *Irish* Linens exported,—on *British* Plantation Indigo imported—on Fish and Flesh exported,—on Naval Stores imported, &c. The Merchant in *England* has a free Trade. Are we under these happy predicaments ! have we a free Trade ? have we bounties on the exportation of Goods ? do we draw back all the duties we pay ? have we a power of coining money ? and shall we then take off the little *douceur*, which may engage others to lend us their money, when the circulating Specie in this kingdom is so very inadequate to the exigences of its Trade.

In the United Provinces interest of money is low, it ought to be so ; for, besides its infertility, it is rather a Mart or

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Repository for Merchandize, than a country producing in itself those conveniencies and comforts of Life, with which Nature has been so favourable to us. The State is poor, but the individuals are rich ; the Products of that country not being in any sort paramount to the exigencies of the Constitution, the defect is supplied by a more than ordinary Industry in the People, joined to an exemplary Frugality, which enables them to support the taxes that would be otherwise intolerable. There is nothing which an *Hollander* uses that does not contribute to the State. He cannot kill a Pig in his house without first informing an Excise Officer, and paying a duty.

Where Taxes are heavy, as in *England* and *Holland*, Interest of money should be light and easy in proportion. In both these States they coin their own money ; and they have national Banks. The Bank of *Amsterdam* is an artificial Treasure in itself ; it is supposed to be very secure and solid, and no doubt it is, but very little money is drawn out of it, for it creates a circulation of property without money, the method being by transfer from one man's account to another.

*Amsterdam*

*Amsterdam* is one of the great Seats of Exchange for all Europe, and the Country being a Mart for Merchandize, there is naturally a great influx of money. All foreign bills payable there are made payable in Bank-money, which has a superiority over the current money of 4 to 5 *per Cent.* on this principle, that the money of the Bank is for so much finer than the current money. This premium in favour of the Bank is called *Agio*, and fluctuates, not from a variation in the intrinsic value of coin, but from the more or less occasion for Bank circulation. Every Merchant then of any consequence has an Account in the Bank, and as all payments in the commercial intercourse (I do not speak of the ordinary interior business of the Country) are made in Bank money, it must appear evident to common discernment, that this produces a very beneficial circulation in Trade, without being burthensome on the Country, and furnishes a strong reason for Interest of money being naturally very moderate. Money may be had in *Holland* at  $1\frac{1}{2}$  *per Cent.* and sometimes at 2 *per Cent.* under the legal Interest, and yet it is to be observed that they have not thought of reducing the legal Interest there. The policy of which will be evident upon very little reflection.



The Country being a Mart for Merchandize, and the Individuals, from a natural inclination to industry and frugality, being very rich, are able to advance money to Foreigners who send their goods to them; they import goods from one country and export the same to another; the legal interest being therefore higher than the natural interest of the Country, whenever the Merchant advances his money in the service of the foreigner, the country receives the highest interest, which is evidently an accession to its wealth, whereas were interest to be reduced to the standard of the Government interest there, or to the natural interest of the country, it would be deprived of that advantage.

Hence it is evident that the Trade, the climate, and the political constitution of countries are to be strictly attended to in the fixing of the rate of interest for money.

*Ireland*, circumscribed in its Trade, unaided by bounties on its exports, unassisted by the advantages of a coinage, labouring under the drain of Absentees, and loaded by the many pernicious imports of Luxury, is still enabled, from its industry, to emerge from all these difficulties; if  
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its constitution be healthful, any alteration in the System may be fatal, at best improvident.

If the Trade of *Ireland* can receive no benefit from the reduction of interest, it is very hazardous to attempt a variation in its Oeconomy. Some individuals indeed may feel advantages, but where national good is the Object, an attention to individuals is rather a partial act; but even in respect to individuals, if some gain, others must suffer. What is to become of Widows, and Females; what is to become of Officers (who have worn themselves out in the public Service, and who, having Families, retire to preserve something for them) who have no other support but from the interest of their money, an income perhaps already too scanty to maintain them? What is to be the consequence to charitable Foundations? Are their revenues to be reduced? Is there not a time even for the industrious Merchant, for the diligent Tradesman and Artificer, Men who have honestly and diligently laboured in the heat of the day, to gather in the fruits of that Labour in the evening of Life. Suppose they have Families, suppose they are no longer able to labour, are they to be restrained from receiving so moderate a Premium as 6 per Cent. per Annum on the fruits

fruits of their industry ? Or, when they come to divide their well earned fortune amongst their Children, is the pittance of each to be reduced one-sixth or one-fifth part, when the necessities of Life are every day rising ! Another consideration merits attention, the lower interest of money is, the higher will be Annuities for Life, and all Civil Employments, this must be sensibly felt by families where Children are numerous, for younger sons will not all go into trade, they cannot become monks, nor would young ladies probably chuse to take the veil, tho' Protestant Nunneries were to be established for them.

But it is urged that the lowering of interest will prevent many, now in Trade, from quitting that busy scene of action so early as they are induced to do, by the allurements of an interest of 6 per Cent. *per Annum.*

To this it may with truth be answered, that were the Springs of action in Men to be fairly laid open to view, it would be found that very few men quit the pursuit of wealth while they can keep in the Paths which lead to it. Merchants who have acquired large Fortunes in Trade, when they withdraw entirely from it, do generally chuse to lay out the fruits of their industry in Land, and when they become tired of Trade, they will retire, whether



whether Interest be at 6 or at 5 *per Cent.* Now the lowering of Interest, instead of engaging them to continue their money in Trade, will have the opposite effect, whilst if they can get 6 *per Cent.* for it, they may be induced to associate with them some active industrious young man, who tho' possessed of a knowledge and capacity to qualify him for Trade, has not the means. To such an active diligent person will this Man, who looks for ease, be inclined to lend a part of his Fortune, and this exercised by the vigour and liveliness of youth, tempered with the gravity and experience of age, will produce real advantages to the Country ; whereas reduce interest, and the Odds are that this grave Merchant, in whom caution and diffidence encrease with years, will lay out his Fortune in Lands, or place it in the public Funds, so that it becomes a dead letter in regard to the Trade and Commerce of the Country.

Further : Will not the reducing of Interest rather lessen the current Specie amongst us than add to it ? Does not the difference of one *per Cent.* between the legal Interest in *England* and *Ireland* give an encouragement to the influx of money here ? Or will it not at least keep our money amongst us ? Are there not many who at present have large Sums of money in the Funds in *England* ?  
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Will lowering the rate of Interest here induce them to draw out their money there, and place it here? Or will it not rather influence them to augment the Sums they have already there? May not the alteration affect the Course of exchange here to the disadvantage of our Trade, and to the emolument of the Absentees. May not the Roman Catholics, whose fortunes consist in money, and who cannot purchase here, be induced to send their money out of the Country. The Security which they are qualified by Law to take is not the most eligible at present, and they therefore chuse to put their money into public Funds; if interest should be lowered, they will look for those Funds abroad. It is to be observed further, that the Security which a Roman Catholic can take is still superior to what a Merchant ought to give — to wit, a Bond and Warrant. Now as Interest stands at present, the affluent of that religion may be induced to lend to merchants on their Notes; if it be reduced, can it be imagined they will do so? It may be said, that they will continue in trade, but it is worth attending to, that many of them, who are now in trade, not being qualified to purchase, have a redundancy of money which they cannot employ, and which may be considered as streams that may swell the Tide of Commerce, if not obstructed in their Course.

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If then so many evils are to be apprehended, how dangerous may any innovation be ! if the State of the Country be at present healthful and vigorous, why is not the political body to be considered and treated like the human ? Will any Physician prescribe Physick to a man who is in full health and vigour ; or reduce his food when his constitution has all the symptoms of strength and longevity.

The purport of a restraint by Law on the premium for the use of money can be no other than merely to set bounds to the avidity of the Usurer ; as while he cannot exact more than 6 *per Cent.* Society stands secure from his rapacity. But as to Interest of money, it will naturally rise or fall according to the State of the country, not from the influence of Law. And altho' interest is limited to 6 *per Cent.* money will be had according to circumstances, for the constitution of every Country will form the proper rate of interest for itself, and it will naturally stop at its true and just standard, without any artificial aid, or coercive measure.

F I N I S.



It then remains to be ascertained, how dangerous may any innovation be to the state of the Country, by its present political and vigorous, why is not the political body to be considered and treated like the human? Will any Physician prescribe Phlogiston to a man who is in full health and vigour; or reduce his food when his constitution has all the symptoms of strength and longevity?

The purpose of a treatise by Law on the propriety for the use of money can be no other than merely to lay down to the utility of the Utility; as while he cannot exact more than 6 per Cent, Society stands secure from his rapacity. But as to interest of money, it will naturally rise or fall according to the state of the Country, not from the influence of Law. And as the interest is limited to 6 per Cent, money will be had according to circumstances, for the condition of every Country will form the proper rate of interest for itself, and it will naturally stop at its true and just standard, without any artificial aid, or coercive measures.

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